

## Message Text

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PAGE 01 BOGOTA 07987 062319Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 DHA-02

SCCT-01 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 /087 W

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P R 062115Z AUG 76

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 6595

INFO AMEMBASSY CARACAS

USSOUTHCOM

AMCONSUL CALI

AMCONSUL MEDELLIN

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E.O. 11652: N/A

TAGS: PINS, PINT, ELAB ECON, CO

SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY. MORE TERRORIST BOMBS EXPLODED IN BOGOTA WITH U.S. PRIVATE FACILITIES AMONG THE TARGETS. FOLLOWING THE FAILURE OF THE NATIONAL SALARY COUNCIL TO AGREE TO NEW MINIMUM WAGES THE GOVERNMENT UNILATERALLY MOVED TO IMPOSE HIGHER LEVELS. THE LATEST PRICE INDEX INCREASE INDICATES THAT THE GOC'S INFLATION TARGET OF 15 PERCENT FOR 1976 IS NOW AN IMPOSSIBILITY. THE POLITICAL SEASON HAS BEGUN WITH FORMER FINANCE MINISTER AGUDELO ADDED TO THE LIST OF POSSIBLE PRESIDENTIAL CANDIDATES. PRESIDENT LOPEZ TOOK ADVANTAGE OF A JOURNALISM AWARDS CEREMONY TO DEFEND THE NEW PRESS LAW. MAJOR GENERAL VALDERRAMA TOOK OVER AS DIRECTOR OF THE NATIONAL POLICE. END SUMMARY.

2. BOMBINGS IN BOGOTA CONTINUE. A RASH OF BOMBINGS IN BOGOTA, DURING THE WEEK DAMAGED TWO U.S. PRIVATE FACILITIES,  
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PAGE 02 BOGOTA 07987 062319Z

A BANK OF AMERICA BRANCH AND A SUMMER INSTITUTE OF LINGUISTICS

(SIL) OFFICE (BOGOTA 7933), AS WELL AS A NUMBER OF COLOMBIAN TARGETS INCLUDING A POLIKT POST, A CIVIL DEFENSE OFFICE AND A BANK. THERE WERE NO CASUALTIES EXCEPT FOR FIVE PERSONS WHO WERE SLIGHTLY INJURED IN THE SIL BOMBING. THERE ARE INDICATIONS THAT THE MAOIST GUERRILLA GROUP, EPL, OR AN OFFSHOOT OF THAT ORGANIZATION, IS RESPONSIBLE FOR THE ATTACKS. THE BOMBERS MAY BE ATTEMPTING TO UNDERMINE CONFIDENCE IN THE GOVERNMENT. AUTHORITIES HAVE BEEN INEFFECTIVE IN DEALING WITH URBAN TERRORISM. EARLIER IN THE WEEK, FOUR SUSPECTED MEMBERS OF THE URBAN GUERRILLA GROUP M-19, WHICH WAS RESPONSIBLE FOR THE MURDER IN APRIL OF LABOR LEADER JOSE MERCADO, WERE SEIZED BY POLICE WHILE THE SUSPECTS WERE IN A STOLEN CAR AND WITH WEAPONS. THEY WERE SUBSEQUENTLY RELEASED BY A JUDGE, APPARENTLY DUE TO A LEGAL TECHNICALITY. THERE WERE SCATTERED STUDENT DISTURBANCES ELSEWHERE IN THE COUNTRY IN WHICH SEVERAL VEHICLES WERE BURNED AND A NUMBER OF PERSONS INJURED.

3. GOC DECREASES NEW MINIMUM WAGES. ON JULY 30 THE GOC DECREED INCREASES IN THE THREE MINIMUM WAGES IN THE COUNTRY BY AN AVERAGE OF 31

CENTS (11 PESOS) TO A TOP NEW MINIMUM OF APPROXIMATELY US\$1.50 PER DAY, EFFECTIVE AUG 1. THREE ADDITIONAL INCREASES ARE AUTHORIZED BETWEEN NOW AND DEC 31, 1977. GOVERNMENT ACTION WAS TAKEN FOLLOWING THE FAILURE OF BUSINESS AND LABOR REPRESENTATIVES IN THE NATIONAL SALARY COUNCIL TO AGREE ON A UNIFIED POSITION TO PRESENT TO THE GOVERNMENT (BOGOTA 7723). BUSINESS AND LABOR ORGANIZATIONS WERE MIFFED BY THE GOVERNMENT'S UNILATERAL ACTION, WHICH REVIVED MEMORIES OF THEIR EXPERIENCE WITH PRESIDENT LOPEZ' CAMPAIGN PROMISE TO CREATE A TRI-PARTITE COMMISSION ON INCOMES, WAGES AND SALARIES IN ORDER TO DEVELOP ECONOMIC POLICIES BY CONSENSUS. THE COMMISSION MET ONCE IN SEPTEMBER 1974, NEVER TO RECONVENE. INSTEAD THE GOC DECLARED AN ECONOMIC EMERGENCY TO DECREE CERTAIN REFORMS. LABOR SOURCES TOLD THE EMBASSY THAT FUTURE COOPERATION WITH THE GOVERNMENT IN COMMISSIONS, SHOULD THE OCCASION ARISE, WOULD BE LESS THAN ENTHUSIASTIC. SOME POLITICIANS TOLD THE EMBASSY THAT THE GOC ACTION WAS A BAD MOVE POLITICALLY, PSYCHOLOGICALLY AND ECONOMICALLY, THE LATTER BECAUSE THE ANNOUNCED INCREASES WILL FUEL INFLATION, WHICH IS ALREADY EXPECTED TO REACH A RATE CONSIDERABLY HIGHER THAN GOC FORECASTS

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PAGE 03 BOGOTA 07987 062319Z

EARLY IN THE YEAR (SEE BELOW).

4. INFLATION INCREASES. THE CONSUMER PRICE INDEX IN JULY INCREASED BY 2.7 PERCENT FOR EMPLOYEES AND 2.6 PERCENT FOR WORKERS. THIS CHANGE BRINGS THE JAN TO JULY RATE TO 15.7 PERCENT AND 16 PERCENT. THE ADMINISTRATION'S TARGET RATE FOR THE YEAR WAS 15 PERCENT, BUT AT THIS POINT IT LOOKS AS THOUGH EVEN LAST YEAR'S GOAL OF A 20 PERCENT CHANGE IN THE

CPI MAY BE DIFFICULT TO HIT. HIGH COFFEE PRICES MUST BEAR MOST OF THE BLAME. IN SPITE OF A RATHER IMPRESSIVE MANIPULATION OF ADMITTEDLY CRUDE MONETARY TOOLS, IT HAS BEEN IMPOSSIBLE TO CHECK ALL OF THE IMPACT OF 300 PERCENT INCREASE IN COFFEE PRICES. RESERVES HAVE INCREASED BY ALMOST \$300 MILLION, ALTHOUGH MONETARY GROWTH FOR THE YEAR HAS BEEN KEPT AT A MODEST 6.2 PERCENT. TOTAL DEMAND AND AN INCREASE IN THE VELOCITY OF CIRCULATION PROBABLY ACCOUNT FOR THE PRICE INCREASE, SINCE THERE HAS BEEN NO INDICATION OF POOR CROP YIELDS SO FAR THIS YEAR.

5. POLITICAL SEASON BEGINS. WITH THE RETURN OF POLITICIANS FROM VACATIONS, AND THE OPENING OF THE CONGRESS JULY 20, POLITICAL ACTIVITY HAS RENEWED, AND SO HAS MANEUVERING WITHIN THE LIBERAL PARTY IN ANTICIPATION OF THE 1978 PRESIDENTIAL ELECTION CAMPAIGN. PARTY ATTENTION THIS WEEK TURNED TO ANTIOQUIAN SENATOR HERNANDO AGUDELO VILLA, WHO ANNOUNCED HE WOULD SPONSOR A SERIES OF PARTY ENCOUNTERS TO ANALYZE THE LOPEZ GOVERNMENT PROGRAMS, THE COLOMBIAN SITUATION IN GENERAL, AND THE PARTY. AGUDELO, WHO PREVIOUSLY HAD BEEN MENTIONED TO THE EMBASSY AS AN ACCEPTABLE COMPROMISE PARTY CANDIDATE IN LIEU OF EITHER FORMER PRESIDENT CARLOS LLERAS, AMBASSADOR TO THE UNITED STATES ULIO CESAR TURBAY OR FOREIGN MINISTER INDALECIO LIEVANO, IS CONSIDERED TO BE ONE OF THE ECONOMIC INTELLECTUALS OF THE PARTY. (HE SERVED IN TWO NATIONAL FRONT ADMINISTRATIONS AS DEVELOPMENT AND FINANCE MINISTER, AND WAS ONE OF THE "NINE WISE MEN" OF THE INTER-AMERICAN DEVELOPMENT BANK IN THE 60'S). HE HEADED ANOTHER STUDY GROUP IN THE 60'S, "LA CEJA", WHICH BROUGHT REFORMS TO THE PARTY. LLERAS EDITORIALIZED IN NUEVA FRONTERA THAT HE WELCOMED THE PRESUMED CANDIDACY OF AGUDELO, AND RENEWED HIS CALL FOR A PRIMARY ELECTON SYSTEX AS THE BEST WAY FOR SELECTING PRESIDENTIAL CANDIDATES.

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PAGE 04 BOGOTA 07987 062319Z

6. PRESIDENT LOPEZ DEFENDS NEWSPRESS LAW. DURING A PRESS AWARDS CEREMONY, PRESIDENT LOPEZ DELIVERED AN ADDRESS IN WHICH HE DEFENDED THE NEW "PRESS LAW" (BOGOTA A-87). HE SAID THAT JOURNALISTS HAVE OBLIGATIONS AS WELL AS RIGHTS AND THAT, JUST AS SOCIETY REGULATES THE MEDICAL AND LAW PROFESSIONS, IT SHOULD HAVE SIMILAR CONTROL OVER THE JOURNALISM PROFESSION. THE PRESIDENT POINTED OUT THAT IN A MODERN DEMOCRACY POWER IS THE CONTROL OF THE MEANS OF COMMUNICATIONS AND THAT IT IS NECESSARY TO ENSURE THAT THIS POWER IS USED WITH UTMOST DISCRETION. IN A LIGHTLY VEILED CRITICISM OF THE PRESS, LOPEZ SAID THAT THERE SEEM TO BE TWO COLOMBIAS: ONE OF DISTORTION, PESSIMISM, AND NEGATIVISM, WHICH SEEMS TO BE THE MOST COMMONLY PROJECTED IMAGE; AND THE REAL COLOMBIA OF DEMOCRACY AND ECONOMIC IMPROVEMENT WHICH SHOULD BE MADE MORE WIDELY KNOWN.

7. NEW NATIONAL POLICE CHIEF. MAJOR GENERAL LUIS HUMBERTO VALDERRAMA NUNEZ WAS QUICKLY NAMED DIRECTOR OF THE NATIONAL POOLICE FOLLOWING THE ETIREMENT OF GENERAL GARCIA BOHORQUEZ (BOGOTA 7723). VALDERRAMA, WHO MOST RECENTLY SERVED AS INSPECTOR GENERAL OF THE NATIONAL POLICE, IS A QUIET AND UNASSUMING MAN WHO IS RESPECTED FOR HIS ADMINISTRATIVE ABILITY. HE HAS SERVED THE MAJORITY OF HIS CAREER IN STAFF POSITIONS. VALDERRAMA HAS BEEN FRIENDLY WITH U.S. MISSION PERSONNEL AND APPEARS FAVORABLY DISPOSED TOWARD THE U.S.  
DREXLER

## Message Attributes

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